



Barlow Andrews

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How to deal with a Tax Inspector

In their last Annual Report, H M Revenue & Customs have indicated the following:

- Extra tax collected (on average) per full enquiry has increased by 47% to £9,586.
- Extra tax collected (on average) per aspect enquiry has increased by 133% to £5,970.
- Around 6,000 tax returns are selected purely at random for a full enquiry.
- Partnerships and sole traders will be targeted as a high risk area for non-compliance.
- Extra tax collected from employer compliance reviews has increased, on average, £33m a year since 2001.

The increase in tax collected may be a result of some advisors not knowing the limits of the Tax Inspectors' powers during an enquiry.

If you do receive an enquiry, your advisor should be doing their best to protect you. For example, in certain circumstances:

- ✘ You do not have to attend a meeting with the Inspector (with or without your advisor)
- ✘ You do not have to let the Inspector visit your premises
- ✘ You do not have to provide personal information immediately
- ✘ You do not have to provide information that is onerous and costly to collate and present
- ✘ You do not have to provide information outside the period of the enquiry
- ✘ You do not have to accept their initial interest charge
- ✘ You do not have to accept their initial penalty charge

The Tax Inspectors' enquiry powers are due to be increased from April 2009. It is therefore important to know what your rights are to make sure that the correct amount of extra tax (if any) is paid with the lowest penalty and interest.

If you would like to discuss your enquiry on a purely confidential basis or to obtain a second opinion on the progress of your enquiry, please contact Mark Sheen at mrcs@barlow-andrews.co.uk or Tim Lwin at tl@barlow-andrews.co.uk.